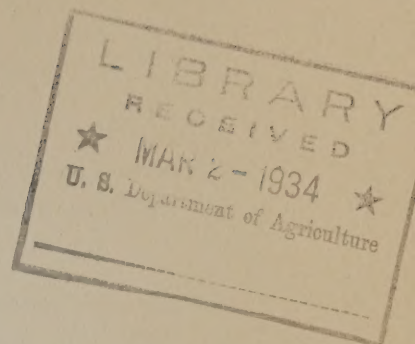


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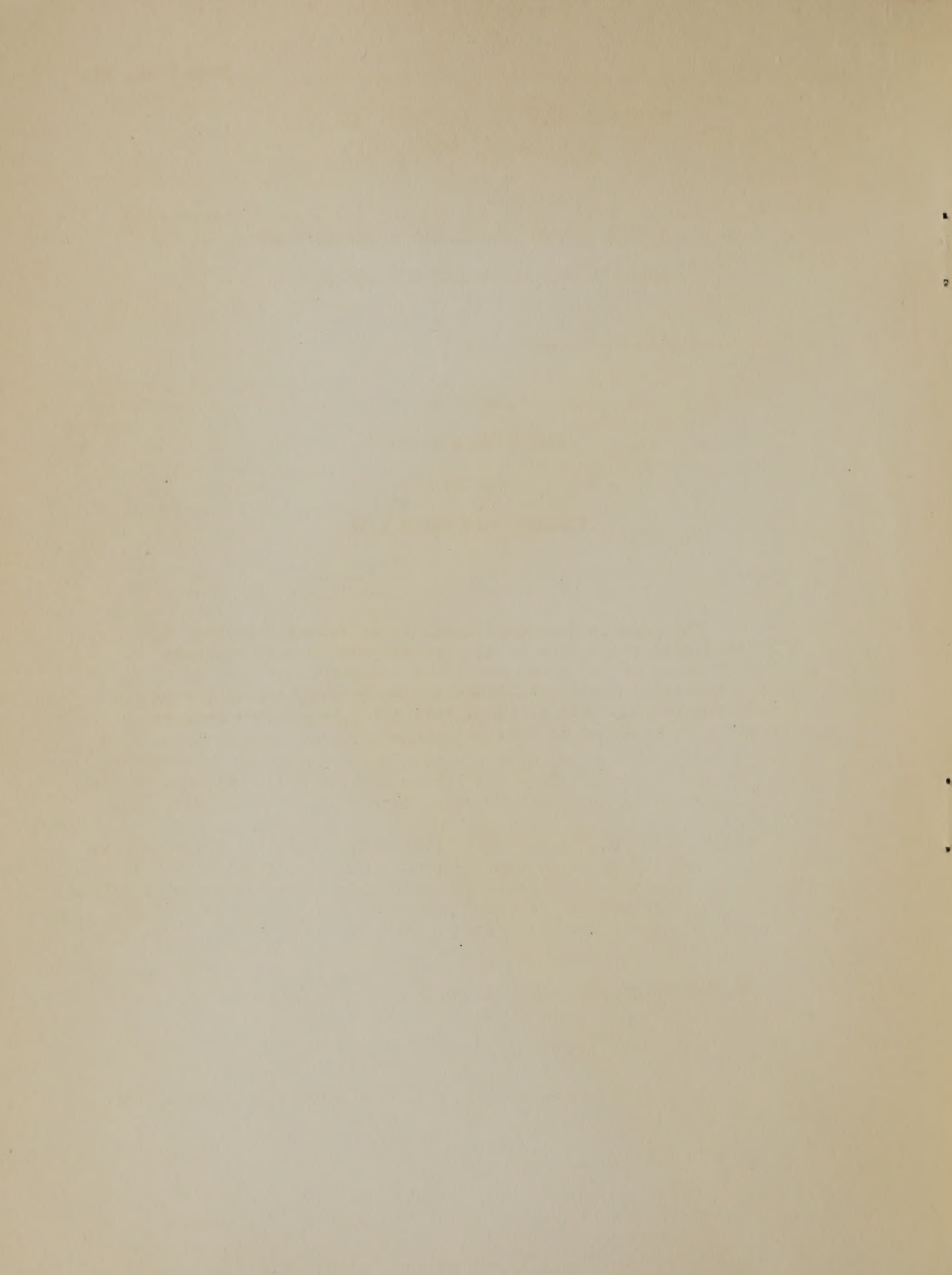
UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED  
MARKETING AGREEMENT  
FOR MILK  
INDIANAPOLIS SALES AREA

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This proposed marketing agreement for milk in the Indianapolis sales area in its present form merely reflects the proposal of the above mentioned industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.





PROPOSED MARKETING AGREEMENT FOR MILK  
INDIANAPOLIS SALES AREA

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended:

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the prewar period, August 1909 - July 1914; and
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the prewar period, August 1909 - July 1914; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of milk and the distribution thereof in the Indianapolis Sales Area, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act:

NOW, THEREFORE, the parties hereto agree as follows:

I.

As used in this Agreement, the following words and phrases shall be defined as follows:



A. "Fluid Milk" means milk, fluid cream, or any product thereof which is sold for consumption in the Indianapolis Sales Area.

B. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk sold for consumption as fluid milk in the Indianapolis Sales Area. "Contracting producer" means any association of producers as may become a party signatory to this Agreement according to the terms hereof.

C. "Distributor" means any of the following persons engaged in the business of distributing, marketing or in any manner handling fluid milk, in whole or in part, in fluid form for consumption in the Sales Area:

1. Persons, irrespective of whether any such person is also a producer:

(a) who pasteurize or bottle fluid milk or process milk into fluid milk;

(b) who distribute fluid milk at wholesale or retail  
(1) to hotels, restaurants, stores, or other establishments for consumption on the premises,  
(2) to stores or other establishments for resale, or (3) to consumers;

(c) who operate stores or other establishments for the sale of fluid milk at retail for consumption off the premises.

2. Persons wherever located or operating whether within or without the Indianapolis Sales Area, who purchase, market or handle milk for resale as fluid milk.

D. "Indianapolis Sales Area" means the territory lying within the county of Marion, Indiana.

E. "Secretary" means the Secretary of Agriculture of the United States.

F. "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

G. "Person" means individual, partnership, corporation, association, or any other business unit.

H. "Subsidiary" means any person, of, or over whom or which, a distributor or an affiliate of a distributor has, or several distributors collectively have, either directly or indirectly, actual or legal control whether by stock ownership or in any other manner.



I. "Affiliate" means any person and/or any subsidiary thereof, who has, either directly or indirectly, actual or legal control, over a distributor whether by stock ownership or in any other manner.

J. "Books and Records" means books, records, accounts, contracts, memoranda, documents, papers, correspondence, or other data, pertaining to the business of the person in question.

K. "Market Administrator" means the person designated pursuant to Exhibit A, and shall have such powers as are set forth therein.

L. "Milk Industry Board" means the board established pursuant to Section E of Exhibit A and shall have such powers as are set forth therein.

## II.

1. The schedule governing the prices, at which and the terms and conditions under which milk shall be purchased from producers by distributors for sale as fluid milk, shall be that set forth in Exhibit A, which is attached hereto and made a part hereof.

2. No distributor shall purchase milk from producers except (a) those producers whose milk was purchased by a distributor for a period of at least thirty consecutive days within one year prior to the effective date of this Agreement, and (b) such new producers as comply with the provisions of Exhibit A hereof.

3. The distributors shall not purchase milk from any producer unless such producer authorizes the purchasing distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information on and in accordance with forms of reports to be supplied by him for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms and reports, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination, shall be final and conclusive.



(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) The distributors and contracting producers severally agree that upon request of the Secretary, they will procure the execution by their respective affiliates and subsidiaries of supplemental Agreements with the Secretary, in form satisfactory to the Secretary, by which each such affiliate and subsidiary will agree to comply with and assist in the performance of the provisions of this paragraph.

(e) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration; provided, however, that the Secretary may make all such information available to any state milk control board appointed pursuant to the law of any state.

5. No distributor shall purchase fluid milk from, or process or distribute fluid milk for, or sell fluid milk to, any other distributor including non-contracting distributors of whom he has notice that such other distributor is violating any provision of this Agreement, without first reporting such violation to the Market Administrator. Notice given by the Market Administrator to any distributor that any other distributor, including non-contracting distributors, is violating any provision of this Agreement, shall be deemed to be sufficient notice for the purpose of this paragraph.

6. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

7. Each distributor shall within 15 days after the effective date of this Agreement furnish to the Market Administrator a bond, or such other adequate security, as may be satisfactory to the Market Administrator for the purpose of securing the fulfillment of such distributor's obligations under the terms of this Agreement. The Market Administrator may, in his own discretion, or upon good cause shown by any distributor waive such requirement, as to any distributor, but any such distributor may, at any subsequent time, be required by the Market Administrator to comply with the foregoing requirement.

8. If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement, and/or the applicability thereof, to any other person, circumstance or thing, shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act,



and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. The distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations of the Agricultural Adjustment Administration.

11. This Agreement confers no exemption from the antitrust laws of the United States and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

12. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute when taken together, one and the same instrument, as if all such signatures were contained in one original.

13. After this Agreement first takes effect, any association of producers or any distributor may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting party.

14. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time, terminate this Agreement as to all parties hereto, by giving at least one day's notice by means of a press release or any other manner which the Secretary may determine.

(b) The Secretary may, at any time, terminate this Agreement as to any party signatory hereto, by giving at least one day's notice by depositing the same in the mail, addressed to such party at his last known address.

(c) The Secretary shall terminate this Agreement upon the request of seventy-five percent (75%) of the contracting producers, measured by total volume of milk produced and marketed by contracting producers for distribution as fluid milk, during the calendar month next preceding the date of any such request, or seventy-five percent (75%) of the distributors, measured by total volume of milk distributed by the distributors as fluid milk during such calendar month, by giving notice in the same manner as provided in section (a) of this paragraph.

(d) This Agreement shall, in any event, terminate whenever the provisions of the Act authorizing it cease to be in effect.

15. Any term of this Agreement, with the exception of paragraph 14 hereof, may be amended upon the consent of (a) seventy-five percent (75%) of the contracting producers, measured by total volume of milk produced and marketed by the contracting producers for distribution as fluid milk during the calendar month next preceding the date of any such amendment, and (b) seventy-five percent (75%) of the distributors, measured by total volume of milk distributed by contracting distributors as fluid milk during such calendar month; provided, however, that any such amendment shall become effective only upon the written approval of the Secretary.

IN WITNESS WHEREOF, the contracting producers and contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power - - - (2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful; Provided, That no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, The Secretary finds (1) that the contracting producers are engaged in the marketing of milk, and that the contracting distributors are engaged in the distribution of fluid milk in the current of interstate commerce; and (2) that the marketing of milk and the distribution of fluid milk in intrastate commerce is inextricably intermingled with the marketing of milk and the distribution of milk in interstate commerce; and

WHEREAS, it appears after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and pursuant to the provisions hereof, declare this Agreement to be effective on and after \_\_\_\_\_ M. Eastern Standard Time, \_\_\_\_\_.

\_\_\_\_\_  
Secretary of Agriculture.

EXHIBIT A

PRICES TO BE PAID TO PRODUCERS

SECTION A. Cost of Milk to Distributors.

1. Each distributor shall be obligated to pay the following prices, f.o.b. platforms of distributors' plants in Indianapolis for milk of 4% butterfat content:

Class I - \$1.85 per hundredweight.

Class II - For each hundredweight of milk, 4 times the average price per pound of 92 score butter at wholesale on the Chicago market as reported by the United States Department of Agriculture, for the delivery period during which milk is purchased, plus 30% of such resulting figure plus 20¢.

Class III - The price paid to its members by the Indianapolis Dairymen's Cooperative, Inc., for similar class of milk, during the same delivery period, but in no instance less than four times the price of 92 score butter at wholesale on the Chicago market.

2. Class I milk means all milk sold by distributors as whole milk for consumption in the Indianapolis Sales Area.

Class II milk means all milk used by distributors to produce cream for sale by distributors as cream for consumption in the Indianapolis Sales Area.

Class III milk means the quantity of milk purchased, sold or used by distributors in excess of Class I and Class II milk.

The Market Administrator shall direct the producer associations which are now performing the ordinary functions of producer associations to divert all surplus milk into those channels which will net the greatest return to producers.

Milk or cream sold by one distributor to another distributor shall be accounted for by the seller in accordance with its ultimate use and classification.



3. The term "delivery period" shall mean the period from the first to the fifteenth day of each month, or the period from the sixteenth day to and including the last day of each month.

4. (a) On or before the fourth day after the end of each delivery period, each distributor shall report to the Market Administrator (with respect to such delivery period) in a manner prescribed by him, (1) the actual deliveries of producers supplying him and the butterfat content thereof, (2) the actual deliveries made to him by other distributors, if any, (3) the quantities sold, used or stored as Class I, Class II, and Class III milk respectively, and (4) such other information as the Market Administrator may request for the purpose of performing the provisions of this exhibit.

(b) Each Producer-Distributor who either (1) sells part of his production to distributors (except distributors who operate stores or other establishments for the sale of fluid milk at retail for consumption off the premises) or to manufacturing plants, and distributes the remaining part of his production as fluid milk; or (2) purchases milk from other producers or distributors for distribution as fluid milk; or (3) whose average daily sales of fluid milk produced on his own farm exceeds the equivalent of 250 pounds of milk during any delivery period, shall be obligated to account to the Market Administrator for all his sales of fluid milk at the price indicated in paragraph 1 of this Section, and each such producer-distributor shall submit reports to the Market Administrator on or before the fourth day after the end of each delivery period, containing the same information as provided in sub-division (a) above and also the total amount of milk produced by such producer on his own farm and sold or used during such delivery period as either Class I, Class II, or Class III milk.

5. With respect to each delivery period, the Market Administrator shall:

- (a) Compute the total value of the milk of each and all distributors as reported in sub-divisions (a), and (b) of paragraph 4 in accordance with the prices set forth in paragraph 1 above, which computation shall not include sales between distributors;
- (b) Compute the total amount of milk in hundredweight reported pursuant to sub-divisions (a) and (b) of paragraph 4 above, which computation shall not include milk purchased by distributors from other distributors;
- (c) Compute the blended price by dividing the total value of all the milk of all distributors obtained in sub-division (a) above by the total amount of milk as determined in sub-division (b) above.

6. On or before the eighth day following the end of each delivery period, the Market Administrator shall notify all distributors who are obligated to submit reports pursuant to paragraph 4 of which Section of the blended price as determined above. Each such distributor shall pay to all producers on or before the twelfth day following the end of each delivery period for milk delivered by such producers during such delivery period on the basis of the foregoing blended price subject to the deductions and adjustments set forth in Sections B and C of this exhibit.

7. The Market Administrator shall maintain for each distributor an adjustment account:

- (a) which shall be debited with the value of the milk sold or used by such distributor during each delivery period computed pursuant to paragraph 5 of this Section; and
- (b) which shall be credited for the total amounts to be paid to the producers by such distributors on the basis of the blended price as specified in paragraph 6. Such credit shall be made before giving effect to the deductions and adjustments to be made as provided in Sections B and C.

Balances on adjustment accounts shall be settled with the Market Administrator or by the Market Administrator as the case may be, simultaneously with making payments to producers.

Any errors in computation or payments or any discrepancies in the reports of the distributors made pursuant to this Section shall be adjusted with respect to the following delivery period.

8. Whenever the Market Administrator has a balance on hand from any source in excess of any adjustments to be made to the distributors, he may distribute such balance or any part thereof in an equitable manner to all producers in the market pro rata.

The Market Administrator and/or such cooperative producer associations in the Indianapolis sales area as are now performing the usual functions of such associations shall at all reasonable times have the right to check sampling, weighing and butterfat tests made by distributors for the purpose of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator and/or such producer associations, settlement shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in such case decide.

Section B. Deduction from Payments to Producers.

1. Each distributor shall deduct one (1¢) cent per



hundredweight from the payments to be made by him pursuant to Section A in regard to all milk delivered to him by producers who are members of any cooperative producer association in the Indianapolis sales area, performing the usual functions of such associations, and pay over such deduction to the Market Administrator simultaneously with making payment to producers for milk purchased.

2. Each distributor shall deduct four (4¢) cents per hundredweight from the payments to be made by him pursuant to Section A in regard to all milk delivered to him by producers who are not members of such producer associations, and pay over such deduction to the Market Administrator simultaneously with making payment to producers for milk purchased.

3. Each producer-distributor required to report as provided in paragraph 4 of Section A shall pay to the Market Administrator one (1¢) cent per hundredweight with respect to the milk produced by him and sold or used as Class I, Class II, or Class III milk, which payments shall be made on or before the 8th day after the end of such delivery period.

4. The Market Administrator, in his discretion, may at any time, waive the payment of the foregoing deductions or any part thereof, for any delivery period; provided, however, that any such waiver of the deductions, whether in whole or in part, for any delivery period, may be applicable in proportion to all the foregoing deductions.

5. The Market Administrator shall maintain a separate account for the payments made to him pursuant to paragraphs 1, 2 and 3. The Market Administrator shall apportion the monies in the following manner:

- (a) The payments made pursuant to paragraphs 1 and 3 and one (1¢) cent per hundredweight from the payments made pursuant to paragraph 2 shall be retained by the Market Administrator to meet his cost of operation; provided, however, that any such funds which may remain over from such deduction in excess of the cost of operation of the Market Administrator for any particular delivery period shall be applied by him in meeting his cost of operation for the succeeding delivery period and to the extent that it may be practical, the Market Administrator shall waive a portion of such deduction as herein in this Section provided.
- (b) Three (3¢) cents per hundredweight from the payments made to the Market Administrator pursuant to paragraph 2, shall be retained by the Market Administrator and expended by him for the purpose of



securing for producers who are not members of any of said producer associations market information, supervision of weights, and tests, and other benefits similar to those received by the members; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of said producer associations, and pay over such amount to said producer associations for the purpose of securing to such non-members the aforementioned benefits if such benefits to non-members may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to said producer associations, if he determines to do so, only upon the consent of such producer associations, (a) to keep their books and records in a manner satisfactory to the Market Administrator; (b) to permit the Market Administrator to examine their books and records and to furnish the Market Administrator such verified reports or other information as the Market Administrator may from time to time request; and (c) to disburse such funds in the manner above provided.

Section C. Adjustments in Payments to Producers.

1. In making payments to producers pursuant to the provisions of Section A, each distributor shall make the following payments in addition to those provided for in such section, or be entitled to make the following deductions, as the case may be:

If any producer has delivered to any distributor during any delivery period, milk having an average butterfat content other than 4 per cent, such distributor shall pay to each such producer three (3) cents per hundred pounds for each 1/10th of 1 per cent average butterfat content over 4 per cent, or shall be entitled to deduct three (3) cents per hundred pounds for each 1/10th of 1 per cent butterfat content below 4 per cent.

2. Anything in this exhibit contained to the contrary notwithstanding any distributor may make payments in addition to the payments provided for in this exhibit for high test milk, if such milk is resold by such distributor as milk of a special grade or quality, or for milk having a bacteria count less than 10,000 per cc.

Section D. The Market Administrator - His Designation, Duties and Compensation.

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him in the Agreement. The Market Administrator as designated shall be subject to removal at any time by the Secretary.



The Market Administrator shall, before he enters upon his duties, execute and deliver to the Secretary his bond in such amount as the Secretary may determine, with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled to (a) reasonable compensation which shall be determined by the Secretary; and (b) incur such other expense, including compensation for persons employed by the Market Administrator, as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator. The Market Administrator shall not be held personally responsible in any way whatsoever to any party to this Agreement or any other person for errors in judgment, mistakes of fact, or other acts, either of omission or commission, except for acts of dishonesty, fraud or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this Agreement. The Market Administrator shall permit the Secretary to examine his books and records at all times and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

#### SECTION E. Establishment of Milk Industry Board.

The Secretary may, in his discretion, at any time, establish a Milk Industry Board which shall have representation of producers, distributors and the public. The Milk Industry Board shall have such duties and powers as the Secretary may, from time to time, delegate to it in order to effectuate the provisions and purposes of this Agreement. The Secretary may further, in his discretion, authorize and direct the Market Administrator to pay over to the Milk Industry Board for the purpose of meeting its general expenses, a portion of the monies deducted by the Market Administrator for his cost of operation pursuant to Section B of this Exhibit, provided that such portion shall, in no event, exceed one-fourth cent per hundred pounds of milk for which payment is made.

#### SECTION F. New Producers.

New producers shall be those producers who had not had their milk purchased by distributors for a period of at least thirty consecutive days within one year prior to the effective date of this Agreement. No distributor shall hereafter purchase milk from any new producer, unless the distributor shall first obtain a permit by making due written application to the Market Administrator upon forms supplied by said Market Administrator authorizing him to purchase such milk. The Market Administrator shall render his decision in connection with any such application within two weeks after filing of application. The Market Administrator in determining whether to issue such permit, shall ascertain whether its issuance will tend to prevent the effectuation of the policy of the Act and of the purposes of this Agreement. In the event that any distributor is denied such permit after having made such written application to the Market Administrator, he shall have the right of immediate appeal to the Secretary, in a manner determined by the Secretary. If and when a permit is issued to a new producer, a base shall be allotted to him by the Market Administrator, which base shall be equitable as compared with bases already established.



UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED  
MARKETING AGREEMENT  
FOR MILK

INDIANAPOLIS SALES AREA

SUBMITTED BY:

Indianapolis Dairymen's Cooperative, Inc.

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The Chief Hearing Clerk, Department of Agriculture,  
does hereby certify that this is a true and correct copy  
of the Proposed Marketing Agreement for Milk, Indianapolis  
sales area delivered to this office by B. B. Derrick, Acting  
Chief, Dairy Section.